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ALLTEL SERVICE CORPORATION

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September 20, 1993

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SEP 20 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RE: In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System
Tariff, CC Docket No. 93-129

Dear Mr. Caton:

Enclosed for filing by ALLTEL Service Corporation, on behalf of ALLTEL Carolina, Inc., ALLTEL Michigan, Inc., ALLTEL New York, Inc., and Oklahoma ALLTEL, Inc., are an original and four copies of a Direct Case in the captioned proceeding.

Should there be any questions concerning this matter, please contact the undersigned counsel.

Very truly yours,

Diane Smith

Vice President - Federal Government Affairs

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Enclosures

SEP 20 1993

Before the
FEDERAL COMMUNICATIONS COMMISSION FEDERAL COMMUNICATIONS COMMISSION
 WASHINGTON, DC 20554 OFFICE OF THE SECRETARY

In the Matter of

800 Data Base Access Tariffs and the

800 Service Management System Tariff

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CC Docket No. 93-129

Direct Case of ALLTEL Service Corporation

ALLTEL Service Corporation, on behalf of ALLTEL Carolina, Inc., ALLTEL Michigan, Inc., ALLTEL New York, Inc., and Oklahoma ALLTEL, Inc., (hereinafter separately and collectively referred to as "ALLTEL") hereby submits a direct case in response to the Commission's Investigation Order.¹

Background

On March 5, 1993, ALLTEL filed to establish 800 Data Base Access Service in its interstate access tariff² in compliance with the 800 Order.³ This filing reflected only terms and conditions for the provision of 800 data base service.⁴ On April 2, 1993, ALLTEL filed 800 data base

¹ See 800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order Designating Issues for Investigation, CC Docket No. 93-129, released July 19, 1993, DA 93-930, (Investigation Order)

² Transmittal No. 6 to ALLTEL Telephone System ("ATS") Tariff FCC No. 1.

³ See Provision of Rules for 800 service, Memorandum Opinion and Order, released February 22, 1993, CC Docket No. 86-10, DA 93-202 (800 Order).

⁴ ALLTEL Illinois, Inc. was the only issuing carrier referencing ATS FCC No. 1 for purposes of Traffic Sensitive Access Services prior to July 1, 1993. ALLTEL Illinois, Inc. does not provide Service Switching Point (SSP) Technology and therefore does not perform the query function for 800 service calls originating within its

query rates for new issuing carriers entering ALLTEL Telephone System Tariff FCC No. 1, effective July 1, 1993.⁵ As part of the Commission's review of the annual access tariff filings, 800 data base query rates filed for the first time or changed from the May 1, 1993 levels were added to the Commission's investigation in the captioned proceeding.⁶

On July 19, 1993 the Commission directed certain local exchange carriers (LECs) to respond to issues designated in its Investigation Order and provide supporting information as required in the Appendices of that Order.

Issues Set Forth For Investigation - Rate of Return Carriers

In the Investigation Order, the Commission set forth issues for response by Rate of Return Carriers.⁷ Specifically, of the issues designated for investigation, those that pertain to ALLTEL are outlined below:

- 1.) Can the originating LEC establish tariffed charges for query service when a neighboring LEC who provides the service also has charges for the service in its tariff?⁸

exchanges. ALLTEL Illinois reached agreement with its SSP providers to bill the 800 data base queries directly to the customer carrying the 800 service call. As a result, the transition to 800 data base for ALLTEL Illinois, was transparent and the development of a query rate was unnecessary.

⁵ On July 1, 1993, under Transmittal Nos. 7 and 8, ALLTEL Carolina, Inc., ALLTEL Michigan, Inc., ALLTEL New York, Inc., and Oklahoma ALLTEL, Inc. became issuing carriers referencing the traffic sensitive portion of ATS Tariff FCC No. 1.

⁶ See 1993 Annual Access Tariff Filings, Memorandum Opinion and Order Suspending Rates and Designating Issues for Investigation, released June 23, 1993, CC Docket No. 93-193, DA 93-762, Paras. 114,115..

⁷ Investigation Order, paras 34-38.

⁸ Ibid, Issue 4, para 34.

- 2.) Do reductions in the tariffed rates of the SCP owners require reductions in the tariffed rates of non-SCP owners?⁹
- 3.) Are adjustments made to query demand warranted and reasonable?¹⁰
- 4.) Are investment based costs using the CCSCIS cost allocation reasonable?¹¹

ALLTEL will address each of these issues below. Additionally, as required by the Commission in Appendix B of the Investigation Order, demand data associated with ALLTEL's 800 data base query rate filing is provided as part of this direct case.

I. No basis has been established to restrict an Originating LEC, without SSP technology, from establishing query rates.

ALLTEL submits that the basis for establishing tariffed query rates should be the existence of SCP query expenses, not the availability of SSP technology. Query rates are established to recover 800 data base service query expense. If the SSP provider apportions SCP expenses to subtending end office locations, an originating LEC may experience SCP query expenses despite the lack of SSP technology. In this instance, the originating LEC should be permitted to recover those expenses through a tariffed query rate.

Consistent with this view, ALLTEL has only established query rates where SCP query expenses are experienced. We support SSP provision and billing of the query, however, when the SSP

⁹ Ibid, Issue 5, para 35.

¹⁰ Ibid, Issue 5, para 36.

¹¹ Ibid, Issue 6, para 37.

provider apportions its SCP expenses to subtending end offices locations there is a need for recovery of SCP expenses by non-SSP equipped LECs.¹² If the Commission determines that only SSP providers should provide and bill 800 queries, then the SSP provider must be restricted from apportioning the SCP expenses to the originating LEC subtending end offices.

II. ALLTEL's query rates continue to be representative of its costs, despite changes that may have occurred in SCP tariffed rates.

ALLTEL develops composite query rates based on the various interconnection arrangements of its end offices. Because ALLTEL uses the services of multiple SCP providers in completing 800 service traffic, specific rate changes at one SCP location may not always result in material changes in ALLTEL's query rates.¹³

ALLTEL believes that LECs that resell query service should not be required to flow through rate changes for every change in an SCP tariffed rate. The basis for filing query rate changes should instead be a material change in the cost/demand relationship of providing 800 data base service. As a rate of return carrier under Part 61.38 of the Commission's Rules and Regulations,

¹² In most cases, either ALLTEL provides SSP capability or has reached agreement with the an SSP provider for query billing. In limited cases, however, ALLTEL does have exchanges where ALLTEL is not the SSP provider but bills query charges (e.g. ALLTEL Michigan).

¹³ For instance, ALLTEL Carolina's Query rates are based on a composite of SCP tariffed rates from Bell South and United of North Carolina. Since ALLTEL's Annual filing, ALLTEL has been able to negotiate with United to perform SSP query billing on 800 usage originating from ALLTEL's Pine Bluff exchange. In addition, Bell South introduced a rate reduction for it basic query without POTS delivery. Reflecting both changes in ALLTEL's query rate development brings ALLTEL's basic query rate from .0058 to .0056. This represents less than a fraction of ALLTEL Total Interstate Revenue Requirement.

ALLTEL is required to update 800 data base query rates annually.¹⁴ If, however, material changes in the cost/demand relationship of 800 data base service result in material changes to the rate, ALLTEL will adjust its rates accordingly. A mandate to flow through all SCP rate changes as they occur would be ill-advised. Such a requirement would result in undue administrative burdens for LECs and potential significant customer confusion.

In the immediate instance, ALLTEL submits that its rates are representative of the costs of providing 800 data base service. Indeed, ALLTEL did not receive any comments regarding the lack of reasonableness of its 800 database query rates in the annual access tariff filing comment and reply cycle.

III. ALLTEL's adjustments to 800 data base demand are appropriate and reasonable.

After reviewing the May 1 filings in the above captioned proceeding, ALLTEL adjusted its PYCOS query demand to incorporate anticipated growth in 800 call volumes for the Test Period¹⁵ and for an unbillable factor. ALLTEL grew 800 call volumes by twenty-five (25) percent and adjusted the result by an unbillable factor of five (5) percent.

Use of an unbillable factor is based on the expectation that ALLTEL will incur SCP expenses for calls it will never be able to complete. This results from the inability of some data base

¹⁴ Code of Federal Regulations (CFR), Title 47, Telecommunications.

¹⁵ Test Period refers to the prospective period for which rates are filed in the annual access tariff filing. The relevant test period for this filing is July 1993 through June 1994.

queries to be assigned a valid carrier identification code (CIC) or from the return of a valid CIC (from the SCP) for an 800 service provider that has not ordered access service from an ALLTEL or connecting company SSP location. Absent any experience with the 800 data base environment, ALLTEL based its unbillable factor on the May 1, 1993 800 data base filings and discussions with various 800 service providers.

ALLTEL submits that the adjustments made to 800 data base query demand are appropriate and reasonable and that the levels reflected in the annual filing are justified. These demand adjustments were reviewed with various 800 service providers for reasonableness prior to making ALLTEL's annual filing. Further, no comments were filed in the annual filing comment and reply cycle that took issue with ALLTEL's 800 data base demand adjustments.

IV. ALLTEL's inclusion of non-query related costs in their query rate is appropriate and reasonable.

ALLTEL has not included investment based costs in the development of its query rates. The only costs included in query rate development are those expenses that are associated with provision of 800 data base access service, including SCP query expense and Signal Transfer Point (STP) interconnection expenses.¹⁶ As no investment based costs were included with ALLTEL's filing, the Commission's concerns regarding CCSCIS or similar models are not relevant to ALLTEL's filing.

¹⁶ ALLTEL utilizes STP connections for which it is assessed a monthly interconnection expense. These interconnection expenses were incorporated into ALLTEL's 800 data base query rates for recovery from the 800 service provider based on cost causative principles. As these links are used to provision other SS7 services (e.g. Advanced Intelligent Network, ISDN) ALLTEL will treat the associated expense as part of normal separations. LIDB interconnection arrangements are separately provisioned and in addition to the interconnection arrangements associated with 800 data base.

Conclusion

ALLTEL submits that its 800 data base query rates are reasonable and that they appropriately reflect the costs of providing 800 data base service. This conclusion is further substantiated by the fact that no party challenged ALLTEL's query rate development, or the underlying filing assumptions for 800 data base service in ALLTEL's 1993 Annual Access Tariff Filing. ALLTEL requests that the Commission's investigation with respect to 800 data base service hereby be terminated insofar as ALLTEL is concerned.

Respectfully submitted,

ALLTEL Service Corporation

A handwritten signature in dark ink, appearing to read "Diane Smith", is written over a horizontal line.

Diane Smith

Vice President of Federal Government Affairs
1710 Rhode Island Avenue, NW Suite 1000
Washington, D.C. 20036

(202) 331-0039

Its Attorney

September 20, 1993

COSA: ATMI

II. Jurisdictional Separations

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2382	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

STP/SCP Signalling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

Local STP/Regional STP Signalling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

Tandem Switch

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

SSP

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

III. Demand

A

Total

800 Database Queries

State 800 Database	2181858
State Other	28255718
Interstate 800 Database	4656233
Interstate Other	13304218
Unbillable Query Factor	0.05

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land	Buildings	General Purpose Computers	Analog Switching	Digital Switching	Radio System	Circuit Equipment	Other Terminal Equipment	Poles	Aerial Cable	Underground Cable	Buried Cable	Fiber Optic Network Cable	Aerial Wire	Conduit Systems	Total
Acct 2111	Acct 2121	Acct 2124	Acct 2121	Acct 2212	Acct 2231	Acct 2232	Acct 2232	Acct 2411	Acct 2421	Acct 2422	Acct 2423	Acct 2428	Acct 2431	Acct 2441	

J. Jurisdictional Separations

STP/POP Signaling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Private 800 Database															
Private Other															
Method of Assignment															

Local STP/Regional STP Signaling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Private 800 Database															
Private Other															
Method of Assignment															

Tandem Switch

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Private 800 Database															
Private Other															
Method of Assignment															

SEP

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Private 800 Database															
Private Other															
Method of Assignment															

A	Total
Land	
Buildings	
General Purpose Computers	
Analog Switching	
Digital Switching	
Radio System	
Circuit Equipment	
Other Terminal Equipment	
Poles	
Aerial Cable	
Underground Cable	
Buried Cable	
Fiber Optic Network Cable	
Aerial Wire	
Conduit Systems	
Total	

800 Database Queries	
State 800 Database	
State Other	
Private 800 Database	
Private Other	
Unfiled Query Factor	0.05

COBA ATNY

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land	Buildings	General Purpose Computers	Analog Switching	Digital Switching	Radio System	Circuit Equipment	Terminal Equipment	Poles	Aerial Cable	Underground Cable	Buried Cable	Private Network Cable	Aerial Wire	Conduit Systems	Total
Acct 2111	Acct 2121	Acct 2124	Acct 2211	Acct 2212	Acct 2221	Acct 2222	Acct 2222	Acct 2411	Acct 2421	Acct 2422	Acct 2423	Acct 2423	Acct 2423	Acct 2441	

J. Institutional Segregations

STP/SCP Signalling Link

Total Investment															
Total Company															
Subject to Suspension															
State 600 Database															
State Other															
Interstate 600 Database															
Interstate Other															

Method of Assignment

Local STP/Regional STP Signalling Link

Total Investment															
Total Company															
Subject to Suspension															
State 600 Database															
State Other															
Interstate 600 Database															
Interstate Other															

Method of Assignment

Tandem Switch

Total Investment															
Total Company															
Subject to Suspension															
State 600 Database															
State Other															
Interstate 600 Database															
Interstate Other															

Method of Assignment

SCP

Total Investment															
Total Company															
Subject to Suspension															
State 600 Database															
State Other															
Interstate 600 Database															
Interstate Other															

Method of Assignment

A	Total
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J.L. Demand

600 Database Quantities	
State 600 Database	184008
State Other	807150
Interstate 600 Database	5879048
Interstate Other	1742253
Unrelated Query Factor	0.05

COSA: ATOK

II. Jurisdictional Separations

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Land Acct 2111	Buildings Acct 2121	General Purpose Computers Acct 2124	Analog Switching Acct 2211	Digital Switching Acct 2212	Radio System Acct 2231	Circuit Equipment Acct 2232	Other Terminal Equipment Acct 2362	Poles Acct 2411	Aerial Cable Acct 2421	Underground Cable Acct 2422	Buried Cable Acct 2423	IntraBldg Network Cable Acct 2426	Aerial Wire Acct 2431	Conduit Systems Acct 2441	Total

STP/SCP Signalling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

Local STP/Regional STP Signalling Link

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

Tandem Switch

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

SSP

Total Investment															
Total Company															
Subject to Separation															
State 800 Database															
State Other															
Interstate 800 Database															
Interstate Other															

Method of Assignment

III. Demand

A
Total

800 Database Queries


State 800 Database	472265
State Other	4825660
Interstate 800 Database	1470753
Interstate Other	4946413
Unbillable Query Factor	0.05

Certificate of Service

I, Maura Courtney Gordy, hereby certify that on this 20th day of September 1993 copies of the foregoing Direct Case were served by hand on the following:

Federal Communications Commission
Tariff Division
1919 M Street NW, Room 518
Washington, DC 20554

International Transcription Service
1919 M Street NW, Room 246
Washington, DC 20554


Maura Courtney Gordy

September 20, 1993